

U.S. ARMY AVIATION AND TROOP COMMAND (ATCOM)

FISCAL YEAR 1997

VALUE ENGINEERING (VE) MASTER PLAN

1. The Overall Organizational Master Plan:

a. ATCOM Goals: Listed below are the FY97 goals by Business Area which have been determined using the ATCOM FY96 VE Master Plan. The goal is divided into Government employee submitted Value Engineering Proposals (VEPs) and contractor submitted Value Engineering Change Proposals (VECPs). Our Command goal remains unchanged from FY96 due to the scheduled organizational changes in the third and fourth quarters of FY97 resulting from the disestablishment of ATCOM under the Base Realignment and Closure (BRAC) Act. Considering the BRAC, this will be the last ATCOM VE Master Plan. The next Master Plan will be a joint ATCOM/U.S. Army Missile Command (MICOM) VE Master Plan.

Each business area is authorized to subassign element goals to their respective directors. However, all directors have a goal to submit at least two VEPs/VE Studies this year. Therefore, each element should plan to submit one VE study/proposal semiannually to demonstrate their emphasis on the program. The degree of success in VE achievement will be measured by:

- (1) Achievement of "dollar savings" goals.
- (2) Achievement of VECP processing time targets.
- (3) Achievement of VE awareness, motivation and participation targets.

The savings goals assigned to the each organizational element are as follows:

Center	VEPs / VECPs (\$M)	Total Savings (\$M)
AMSAT-GC/GD	1.802 / 0	1.802
AMSAT-A-Z	1.802 / 0	1.802
AMSAT-D-S	0.901 / 0	0.901
AMSAT-D-W	2.703 / 0.870	3.573
AMSAT-I-Z	5.406 / 1.740	7.146
AMSAT-R-Z	4.505 / 0	4.505
Total ATCOM Goals	17.119 / 2.610	19.729

b. Program Executive Office, Aviation (PEO Aviation) Goals: Both ATCOM and PEO Aviation have committed themselves to achieve a fully integrated VE Program. The degree of success in VE achievement by PEO Aviation will be measured by the same criteria as ATCOM's goals.

Listed below are the PEO Aviation "dollar savings" goals for FY97. The PEO Aviation is committed to be proactive and aggressive in pursuing cost savings in VE. It must be reemphasized that all Engineering Change Proposals could be a candidate for VECs if there is any possibility of acquisition or collateral savings. (See attached PEO Aviation Master Plan).

PROGRAM EXECUTIVE OFFICE AVIATION		VEPs / VECs (\$M)	TOTAL SAVINGS(\$M)
SFAE-AV-AAH	Apache Attack Helicopter	0.048 / 2.223	2.271
SFAE-AV-ASH	Kiowa Warrior	0.048 / 2.996	3.044
SFAE-AV-BH	Utility Helicopters	0.017 / 3.285	3.302
SFAE-AV-LSE	Aircrew Integrated Systems	0.003 / 0.102	0.105
SFAE-AV-AEC	Aviation Electronic Combat	0.005 / 0.055	0.060
SFAE-AV-RAH	Comanche	0.003 / 0	0.003
	Total PEO Aviation Goals	0.124 / 8.661	8.785

c. VECP Processing Times: The processing of VECs is a joint ATCOM/PEO Aviation effort. To ensure the success of the ATCOM/PEO Aviation VE Program the technical evaluation of VECs must occur within a maximum of 60 calendar days. This time frame starts when the VEC is received by the Acquisition Center and concludes when the Acquisition Center notifies the contractor in writing of technical approval/disapproval. The financial settlement of technically approved VECs must occur within a maximum of 160 days after issuance of the technical approval letter to the contractor by the Acquisition Center. Financial settlement will be accomplished by modifications to the appropriate contracts. Technical approval/disapproval letters and contract modifications as a result of VECs will be supplied to the ATCOM VE Office by the Acquisition Center. All ATCOM/PEO Aviation offices involved with the processing of VECs must allocate the necessary resources in order to meet these processing time goals.

d. ATCOM/PEO Aviation Professional Training Goals: The Command has taken an aggressive approach in providing Value Engineering Training for all personnel including an open invitation to contractor personnel to attend this training. The two courses provided are: The Value Engineering Workshop (VEW) and the Contractual Aspects of Value Engineering (CAVE) course. The VEW is a course provided for all personnel; however, the CAVE course is designed to give acquisition personnel an understanding of the Federal Acquisition Regulation as it relates to VE and payment to the contractors. For the past 6 years, we have trained hundreds of personnel and we are continuing this level of effort. We will provide on-site four VEWs and two CAVE courses in FY97. Advertisement of all VEWs and CAVE courses will be announced on

the ATCOM VE Office Home Page and over the Public Affairs Command Information Network 2 weeks prior to a course being offered. All classes will be held in Building 105L at the Federal Center. Course descriptions and schedules are listed below.

(1) Two Day Value Engineering Workshop (abbreviated version of Society of American Value Engineers (SAVE) International Certified Module I Workshop No. 94003): Course: No Course Number; Length: 2 days; Scheduled Dates: 25-26 November 1996, 19-20 March 1997, 9-10 April 1997, and 4-5 June 1997.

The two-day workshop provides an opportunity for personnel to learn and understand the following:

- (a) Use of the 5-step Job Plan.
- (b) Use of function analysis in approaching all aspects of their work and the use of Function Analysis System Technique (FAST) when performing VE.
- (c) How to estimate the cost of performing individual functions identified through VE and the life cycle cost of a process.
- (d) The creative approach for generating solutions for accomplishing the functions identified through VE.
- (e) How to establish an efficient and effective VE program.
- (f) An overview of the contractual aspects of VE.

Both ATCOM and PEO Aviation employees in all job series are encourage to attend. A refresher course is recommended every 3-5 years.

(2) Contractual Aspects of Value Engineering (CAVE) Course: Course: No Course Number; Length: 1 week; Scheduled Dates: 2-6 December 1996 and 3-7 March 1997.

This course provides an awareness of methods and objectives of VE and more particularly of the VE contract clauses and their provisions and applications. The course content is designed to meet the needs of Government personnel with Federal Acquisition Regulation responsibilities for reviewing, approving, administering, and evaluating the contractual VE effort of defense contractors. Included in this course are:

- (a) Examples whereby reductions in development and weapon system costs were accomplished without compromising approved technical requirements.
- (b) A brief exposure to the interrelationship among the engineer, the buyer, and the contract administrator inherent in productive VE projects.

(c) An analysis of VE incentive and program requirement clauses in use.

Eligibility requirements for the CAVE course are military and civilian personnel assigned as contracting officers (administrative and procurement contracting officers), cost analysts and other personnel who directly participate in VE contractual agreements and performance. A refresher course is recommended every 3 to 5 years.

FY97 ATCOM/PEO Aviation Value Engineering Training Goals		
Organization	VEW	CAVE
AMSAT-GC/GD	10	0
AMSAT-A-Z	5	45
AMSAT-D-S	5	0
AMSAT-D-W	5	2
AMSAT-I-Z	15	0
AMSAT-R-Z	20	0
PEO Aviation	15	2
TOTAL	75	49

e. Assigned VE Coordinators: Each directorate/PM Office will assign a VE coordinator who will be VE Workshop trained. They will attend all VE coordinator meetings to discuss problems, management, publicity, etc., as required, and encourage participation in the VE Program. Coordinator stability in this assignment is encouraged to assure continuity and effectiveness of the program. They will be knowledgeable of plans, programs, responsibilities, and work flow in order to provide assistance to their own branch, division, or Program Office in VEP preparation and assistance expediting the processing of submitted proposals. Coordinator names will be provided to the VE Office NLT 1 November 1996 for inclusion in the VE roster.

f. Submission of VEPs: Each Business Center/PM Office will submit a minimum of two VE studies/proposals in FY97. One proposal/study submitted semiannually is recommended and use of the VE Workshop is advisable for the preparation and development of these proposals/studies.

g. Value Engineering Office Goals: The Value Engineering Office, located within the Directorate for Engineering, has the following goals to promote ideas and creativity throughout the Command/PEO Aviation.

(1) Track all achievements, accomplishments, and savings using the Value Engineering Management System (VEMS) and report these to the U.S. Army Materiel Command (AMC).

(2) Conduct a quarterly VE Coordinators' Meeting/Presentation to disseminate information and news, encourage participation in the program, train branch or division personnel, process Government/contractor proposals, and discuss problem areas.

(3) Coordinate monthly management meetings among the Directorate for Engineering, Acquisition Center, Weapon Systems Management Directorate, and PEO Aviation to discuss open VECs. This meeting will identify problem areas, and discuss issues and status of any technically approved VEC that has not been implemented through contract modification. These meetings will also identify potential high dollar savings that could be lost if expeditious processing is not accomplished.

(4) Continue encouraging contractors to participate in the ATCOM/PEO Aviation VE Program. During the past 12 months, ATCOM received 8 VECs from contractors. Our goal is to increase this number to more than 10 submissions through the following initiatives.

(a) Contractor/Government VE Workshop and CAVE participation.

(b) Continued reduction of technical and contractual proposal processing times.

(c) Frequent contractor visits to provide our Command's VE briefing, encourage participation through training in both VE Workshop and CAVE participation and use of the VE methodology, and discuss VEC processing within the Command.

(d) Continued use of the ATCOM VE Partnership Program with Industry which utilizes VE Program Requirement Clauses. Each contract will include ten or more VE studies to be submitted as Preliminary VECs.

(e) Participation at the three yearly Electronic Industries Association (EIA) Value Management Working Group Meetings. At these meetings, working level participation is required to solve issues and problems of the Department of Defense (DOD) VE Program. Discussions include problem resolution with processing of proposals, calculating savings, and a standard understanding of collateral savings analysis. Federal Acquisition Regulation improvements and/or recommendations are also discussed.

(f) Participation at the Annual International Society of American Value Engineers Conference. At this conference AMC VE Program Managers discuss the DOD, Department of the Army (DA) and AMC VE programs, the goals of these programs, new initiatives, and successes and problems common to all AMC Major Subordinate Commands' (MSC's) VE Programs.

(g) Provide an orientation of the ATCOM VE program at the annual ATCOM Competition Advocates' Shopping List (CASL) Workshop.

(5) Search for and identify new sources of supplies to the Storage, Analysis, Failure Evaluation and Reclamation (SAFR) Program. Maintain and assure a steady flow of aviation parts from the European Redistribution Facilities (ERFs) and other sources to the SAFR Program.

(6) Expand the application of VE methodology to field units where ATCOM managed equipment is concentrated, including Germany and Korea.

(7) Establish a criteria to award developmental programs utilizing VE in the R&D phase.

(8) Provide VE training at the Supervisory/Management Training Course conducted by the Office of Personnel Management (OPM).

(9) Provide Gateway Reporter, Aviation Research, Development, and Engineering Center (AVRDEC) Newsletter and other organizational newsletters' publicity articles to disseminate VE information and to acknowledge and recognize success stories as they occur. Provide at least one article per quarter.

(10) Plan for motivation and promotional activities such as the following.

(a) An ATCOM/PEO Aviation VE "How To" Kit that will describe the VE process and assist Government personnel in submitting VEPs and contractors in submitting VECs.

(b) Set up displays in hallways, lobbies, and buildings, show AMC VE movies, and provide general information at various events and exhibits.

(c) Publish and widely distribute VE brochures and a VE Newsletter to promote success stories and publish Command VEP and VEC success stories in the annual AMC VE Accomplishments Brochure.

(d) Recognize VE contributors through Gateway Reporter Articles, the AVRDEC Newsletter, the quarterly VE Newsletter, displaying articles on the VE Office bulletin board, letters of appreciation from and recognition by the Commanding General. Reward submitters of VE Studies and VE Proposals with promotional items such as coffee mugs.

2. Status of Progress Toward Master Plan Goals: Status of the accomplishments of this plan will be tracked using monthly Review and Analysis (R&A) charts provided to each business center and a quarterly briefing presented to the Commanding General and the PEO Aviation.